

MKTG 950: Consumer Judgment and Decision Making (PhD Seminar)

Deborah Small - Fall 2017

Draft version—subject to change

Instructor: Deborah Small deborahs@wharton.upenn.edu

Schedule: Fridays 1:30-4:30pm (JMHH 741; Marketing conference room)

Course website: Canvas

Part A Course Overview:

The main objective is to provide an introductory yet in depth discussion of judgment and decision making topics in consumer research. The weekly readings are intended to provide PhD level coverage of classic and current research related to consumer decision processes.

In addition to content, the other main objective is to increase your ability to think through and assess the research process. That is, my goal is to improve your ability to critically think about research and be able to generate ideas before translating them into testable hypotheses (and eventually to a publishable paper). This will be done in the context of the seminar topics, but we will also discuss some general aspects of the research process.

For each topic we cover, articles have been chosen (although this list might be revised), and we will discuss those in detail. Our goals with these readings will be to gain exposure to the latest ideas in consumer judgment and decision research, to determine the main ideas and research questions driving current work in each topic area, and to develop novel related research questions. In particular, our goal each week is to generate in class the design/idea for at least one new study in the focal topic area. In addition, my goal is to help you develop the skill of reading and critiquing an academic paper. We will therefore have student-led discussions of papers and required summaries (see below).

The readings (available on Canvas) should be **read carefully** by everyone attending the class (whether enrolled or sitting in; if you are unprepared, do not show up). In addition, in each class one or two students (depending on class size) will be responsible for leading the discussion on one of the papers. This responsibility entails two things: (1) guiding discussion on a specific paper, and (2) bringing a one-page summary of that paper to class – make copies for the whole class (and post on Canvas). For the article for which you are responsible, make sure to examine the stated objective and positioning of the research, the conceptual framework and hypotheses, the methodology, the results, the actual contribution, and opportunities for further research.

Finally, each student will be expected to prepare the following:

- (1) **Each Week:** Prior to class (*no later than Thursday, 8:00 pm*), you are required to submit via Canvas a short “idea” based on the current set of readings. In this very brief response

(a short paragraph, or a few bullet points), you could respond to a criticism you have about one of the papers, extend the original paper theoretically (maybe through developing boundary conditions), or suggest a more appropriate research approach (methods or analysis). Some of your ideas will be discussed in class each week.

You do not need an idea for Day 1.

Each idea will be graded on a 1-5 scale.

*Note that although what you submit should be very brief, it does not mean I expect little attention/time paid to thinking about this. To the contrary, this should be the most important/challenging action on your part—to come up with a thoughtful criticism/idea and to succinctly describe it.

(2) One goal of this seminar is to help you develop the skills to read academic papers and be able to communicate key ideas, methods, findings, conclusions, and yes, weaknesses. To this end, every week students will help lead a discussion on a paper and will circulate a **1-page summary of that paper** [hardcopies in class, posted on Canvas, and also by email to me the evening before (*no later than Thursday at 8:00 pm*)]. Each student will do this once or twice during the course, depending on class size.

(3) **Research Proposal.** This includes two (2) components:

- a. Presentation of your research ideas after MKTG 951. Not that this is a requirement regardless of whether you are just taking MKTG 950 or both MKTG 950/951. This (brief) presentation should include all of the aspects of the research proposal described below. **DATE: TBA.**
- b. Research Proposal (3-4 pages double spaced) due on **December 15**. The proposal must include the following: clear presentation and motivation of the problem and contribution, a concise mention of key findings from the literature, well developed hypotheses, and most importantly, a plan to test your hypotheses (e.g., experiment).
* Note that the proposed research idea must (generally) relate to the JDM topics we focus on during the seminar. Even if this idea builds on your current (non JDM) interests, the goal of this proposal is take a JDM perspective on whatever problem you are addressing.

Grading Components:

- 15% class participation
- 10% Discussion leading
- 25% weekly ideas (5% each)
- 50% Research paper
 - 5%: Paper idea outline (Due December 1)
 - 5%: In-class presentation
 - 40%: Final proposal

Course Schedule
-- subject to change --

Date	Topic
1. September 1	Introduction to Consumer Judgment and Decision-Making Research
2. September 8	Loss Aversion and The Endowment Effect
3. September 15	Constructed Decision Processes and Context-Dependent Preferences (with Rom Schrift)
4. September 22	Time and Decision Making
5. September 29	Mental Accounting
6. October 13	Charitable Giving

Detailed Course Schedule and Reading List

-- subject to change --

Session 1: Course Introduction (and some foundation)

Tversky, Amos and Daniel Kahneman (1974), "Judgment under Uncertainty: Heuristics and Biases," *Science*, 185, 1124-1131.

Kahneman, Daniel and Amos Tversky (1979), "Prospect Theory: An Analysis of Decision under Risk," *Econometrica*, 47 (March), 263-291.

Tversky, Amos and Daniel Kahneman (1986), "Rational Choice and the Framing of Decisions," *Journal of Business*, 59 (4), S251-S278.

Kahneman, Daniel (1991), "Judgment and Decision Making: A Personal View," *Psychological Science*, 2 (May), 142-145.

Loewenstein, George (2001), "The Creative Destruction of Decision Research," *Journal of Consumer Research*, 28 (December), 499-505.

Session 2: Loss Aversion and The Endowment Effect

Kahneman, Daniel, Jack L. Knetsch, and Richard H. Thaler (1991), "The Endowment Effect, Loss Aversion, and the Status Quo Bias," *Journal of Economic Perspectives*, 5 (1), 193-206.

Weaver, Ray and Shane Frederick (2012), "A Reference Price Theory of the Endowment Effect," *Journal of Marketing Research*, 49(5).

Johnson, Eric J., Gerald Häubl, and Anat Keinan (2007), "Aspects of Endowment: A Query Theory of Value Construction," *Journal of Experimental Psychology: Learning Memory, and Cognition*, 33 (3), 461-474.

Burson, Katherine, David Faro, and Yuval Rottenstreich (2013). "Multiple-unit Holdings Yield Attenuated Endowment Effects," *Management Science*, 59(3), 545-555.

Morewedge, C.K and Colleen Giblein (2015), "Explanations of the endowment effect: an integrative review." *Trends in Cognitive Sciences*, 19(6), 339-348.

Session 3: Constructed Preferences and Context Dependent Preferences

Background (not discussed in detail):

James R. Bettman, Mary Frances Luce, John W. Payne (1998), "Constructive Consumer Choice Processes," *Journal of Consumer Research*, 25, 187-217.

Context Dependent Preferences

A classic paper, will be discussed only briefly Huber, Joel, John W. Payne, and Christopher Puto (1982), "Adding Asymmetrically Dominated Alternatives: Violations of Regularity and the Similarity Hypothesis," *Journal of Consumer Research*, 9 (June), 90-97.

Simonson, Itamar and Amos Tversky (1992), "Choice in Context: Tradeoff Contrast and Extremeness Aversion," *Journal of Marketing Research*, 29 (August), 281-295.

Frederick, Shane, Lee, Leonard, and Baskin, Ernest (2014). "The Limits of Attraction." *Journal of Marketing Research*, 487-507.

Amir, On and Jonathan Levav (2008), "Choice Construction versus Preference Construction: The Instability of Preferences Learned in Context," *Journal of Marketing Research*, 45 (2), 145-158.

Parker, Jeffrey R. and Rom Y. Schrift (2011), "The Rejectable Choice-Set: How Seemingly Irrelevant No-Choice Options Affect Consumer Decisions," *Journal of Marketing Research*, 48, 840-854.

Session 4: Time and Decision Making

Thaler, Richard H. (1981), "Some Empirical Evidence on Dynamic Inconsistency," *Economics Letters*, 8, 201-207.

Hoch, S. & Loewenstein, G. (1991). Time-inconsistent preferences and consumer self-control. *Journal of Consumer Research*, 17, 492-507.

Trope, Yaacov and Nira Liberman (2003), "Construal Level Theory," *Psychological Review*, 110, 403-421.

Zauberman, Gal and John Lynch (2005), "Resource Slack and Propensity to Discount Delayed Investments of Time versus Money," *Journal of Experimental Psychology: General*, 134 (1), 23-37.

Bartels, Daniel M. and Oleg Urminsky (2011), "On Intertemporal Selfishness: How the Perceived Instability of Identity Underlies Impatient Consumption," *Journal of Consumer Research*, 38, 182-198

Session 5: Mental Accounting

Thaler, Richard H. (1985). Mental Accounting and Consumer Choice. *Marketing Science*, 4(3), 199-214.

Thaler, Richard H. (1999), "Mental Accounting Matters," *Journal of Behavioral Decision Making*, 12(3), 183-206.

Heath, Chip and Jack Soll (1996), "Mental Budgeting and Consumer Decisions," *Journal of Consumer Research*, 23, 40-52.

Gourville John T. and Dilip Soman (1998) "Payment Depreciation: The Behavioral Effects of Temporally Separating Payments from Consumption," *Journal of Consumer Research*, 25 (2), 160-174.

Sussman, Abigail B. and Adam L. Alter (2012). The exception is the rule: Underestimating and overspending on exceptional expenses. *Journal of Consumer Research*, 39, 800-814.

Session 6: Charitable Giving

Small, Deborah A., George Loewenstein, and Paul Slovic (2007), "Sympathy and callousness: The impact of deliberative thought on donations to identifiable and statistical victims," *Organizational Behavior and Human Decision Processes*, 102(2), 143-53.

Hsee, Christopher, K., Jiao Zhang, Zoe Y. Lu, & Fei Xu (2013). "Unit asking: A method to boost donations and beyond," *Psychological Science*, 24(9), 1801-08.

Olivola, Christopher Y. and Eldar Shafir (2013). "The martyrdom effect: When pain and effort increases prosocial contributions." *Journal of Behavioral Decision Making*, 26, 91-105.

Gneezy, Uri, Elizabeth A. Keenan, & Ayelet Gneezy (2014). "Avoiding overhead aversion in charity," *Science*, 346, 632-35.

Berman, Jonathan Z., Emma E. Levine, Alix Barasch, and Deborah A. Small (2017). "Impediments to Effective Altruism: Charity as a personal preference". Working paper.